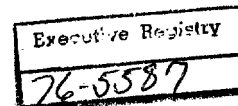


NIO #1745-76  
5 November 1976



MEMORANDUM FOR: The Director

FROM :   
NIO/Economics

SUBJECT : Your EPB Meeting Tuesday, November 9, 8:30 a.m.

1. Your meeting with the Economic Policy Board (EPB) is a Secretary Simon initiative, stimulated by his National Security Advisor, Bill Morell. (See correspondence at Tab A) Attendance will include EPB members, Cherne and Casey of PFIAB, and four of us. (See attendance at Tab B)

2. The meeting will be opened by Simon, who will make generally laudatory remarks on the steadily improving record of economic intelligence support for his needs, and his interest in further enhancing communication between the intelligence and policy communities.

3. He will then turn to you for brief comment on major problems for economic intelligence as you see them, and our plans for meeting them. We believe you should use the opportunity to ask the EPB members to take a retrospective view of two issues:

- a) How can we resolve the basic contradiction between the Intelligence Community's need for better information from the policy level, and the policy level's desire to maintain an arm's length relationship with the Intelligence Community? In other words, can communication between us be much better than it is now?
- b) If the policymakers present had it to do over again, what would they do differently in relating to the Intelligence Community?

4. (A synopsis of your proposed comments is attached.)

5. Your comments will be followed by open discussion. The only indication we have of questions to be raised are Bill Casey's concern about our failure to concert our economic policies into a broader strategy (this is obviously a policy rather than an intelligence issue) and his relatively low esteem of . On the latter, he seems to judge this highly cost-effective collection mode as if it were an analytic

product. Casey believes that we fail to extract high-level information from the private sector. He does not adequately appreciate the difficulties for Intelligence to do this institutionally. Casey may also bring up his concern over our inadequate analysis of West-to-East technology transfer ("what do the Russians get out of it?"). On this we are moving energetically by way of launching several studies to which you will have alluded in your opening remarks. (See synopsis)



National Intelligence Officer  
for Economics

cc: DDCI w/att.  
D/OER w/att.  
[Redacted] LCS/w/att.  
[Redacted] LCS/w/att.  
D/DCI/NI w/att.  
ER w/att. :

25X1

25X1

CONFIDENTIAL

Approved For Release 2005/05/23 : CIA-RDP79M00467A001100110002-6

TRANSMITTAL SLIP		8 km
TO: ER		
ROOM NO.	BUILDING	
REMARKS: An adverse copy given directly to DCI by NIO/E at their pre-EPB mtg Mon. a.m.		
FROM:		
		EXTENSION

Approved For Release 2005/05/23 : CIA-RDP79M00467A001100110002-6

DCI Opening Remarks for EPB Meeting

Pervasive Role of Economics --

I'm struck by the extent to which economics plays an increasingly pervasive role in our overall intelligence effort. This will come as no surprise to this group, since you must cope daily with the pervasive role of economics on the policy side.

For our part, we do find that we must incorporate more and more economics into our political, technological and strategic analyses. Here are some examples:

Typical Economic Intelligence Issues --

- ° The significance of the economic burden of the Soviet defense effort,
- ° The growing world-wide energy deficit,
- ° The persistent Soviet agricultural crisis,
- ° Growing instability in world currency markets,
- ° The clamor to redistribute incomes between North and South,
- ° Problems of technology exchange among Western countries and technology

-- all of these have profound political and strategic ramifications that we know are of deep policy concern to you. For the Intelligence Community, these complex issues pose new challenges for which we are not as yet fully prepared -- any more than the policy community is itself fully equipped to assess or cope with these issues comprehensively.

But we are making progress. I think we have reason to take pride in some of our recent accomplishments. A few examples:

Some Accomplishments --



25X1

25X1

Approved For Release 2005/05/23 : CIA-RDP79M00467A001100110002-6

Next 2 Page(s) In Document Exempt

Approved For Release 2005/05/23 : CIA-RDP79M00467A001100110002-6



JUN 14 1976

Dear Leo:

I thoroughly enjoyed my discussion with the Board the other day and, as I indicated at lunch, I hope we can meet together from time to time in the future.

As you know, I have been concerned for some time about the need for developing a more effective interface between the intelligence community and those of us responsible for international economic policy and negotiations. As I reported to the Board we in Treasury have undertaken a number of new arrangements which I feel have substantially strengthened this relationship and have stimulated noticeable improvements in intelligence support. I share your view, however, that further efforts are required in this area.

It is for this reason that I suggested to the Board at lunch the desirability of having a representative from CIA attend the regular Economic Policy Board meetings on appropriate occasions in order that intelligence might gain a better appreciation of current policy and negotiating issues and of the intelligence support we require as well as our evaluation of this support. In addition, I think your suggestion that Bill Casey meet periodically with the EPB principals is a good one and will be mutually beneficial. If there are other EPB sessions which you feel would also be of interest he would be welcome to attend these as well. At these meetings of principals it would be our intention to invite, as you suggest, the Director of Central Intelligence and his senior economic officers so that we might have a full exchange on all aspects of our relations with the intelligence community.

- 2 -

We have discussed this with Bill Seidman and he thoroughly agrees with these proposals. I have asked Bill Morell to work with Bill Seidman's staff, with your principal staff officers and with George Bush's people to work out the necessary arrangements.

I look forward, Leo, to a close working relationship with you and the Board in the future in our joint efforts to strengthen this vital area of our government's national security activities. Please convey my appreciation to the Board for a most useful meeting.

Sincerely,

*/s/ Bill*

William E. Simon

The Honorable Leo Cherne  
Chairman, President's Foreign  
Intelligence Advisory Board  
The White House  
Washington, D. C. 20500

JUN 15 1976

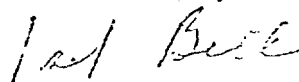
Dear George:

At a luncheon meeting on June 3 with Leo Charna and members of PFIAB I suggested that it might be useful as a means of improving the interface between the intelligence community and those of us responsible for international economic policy to have CIA representation at selected meetings of the Economic Policy Board. Leo and his PFIAB colleagues supported this idea and added a couple of related suggestions of their own. These thoughts were contained in a letter which Leo sent to me on June 4, a copy of which I am told was sent to you. I have sent out a positive response to Leo today (attached).

If you agree with this general approach I would appreciate your designating a CIA representative who would work with Bill Morrell and with members of Bill Seidman's and Leo Charna's staffs in developing the necessary implementing arrangements.

As you know from our discussions during my visit to Langley not long ago we are very happy with the progress that has been made over the past two years in intelligence support to Treasury and to certain other members of the EPB as well. I am hopeful that further progress can be made through these new arrangements with the EPB to our mutual benefit. Please let me know if you have any additional thoughts.

Sincerely,



William E. Simon

The Honorable George Bush  
Director, Central  
Intelligence Agency  
Washington, D. C. 20505

Enclosures



DEC 27 1976

Dear Fred:

I have felt for some time that it would be beneficial in our deliberations on various international economic policy issues if we would make greater use of the resources of the intelligence community. I have personally found over the past two to three years that intelligence has an impressive capacity to contribute to the economic policymaker but that realization of this potential requires a strengthening of our communication with the intelligence community to ensure that our needs are fully understood.

I have proposed to the Chairman of the President's Foreign Intelligence Advisory Board, Leo Cherne, and to George Bush that CIA representatives sit in on meetings of the EPB whenever they find this would be beneficial; and I have accepted a suggestion from Leo Cherne that we call a meeting of EPB principals two or three times a year to discuss with George Bush and a representative of PFIAB how we might best improve our relations with the intelligence community. You will find attached a copy of my letter to George Bush on this subject which I think will help to clarify these arrangements.

I understand that the NSC intends to undertake the first of its semi-annual reviews of intelligence activities; as required by Executive Order, some time this fall and I am informed that a review of intelligence support to consumers will be a key item on the agenda. For this reason I would like to have an EPB meeting of principals with George Bush at an early date so that we can meaningfully contribute to the NSC review. I have decided to hold this discussion during the regular morning meeting of the EPB on November 9.

During this session I would like each principal to briefly present his evaluation of intelligence support, his expectations regarding upcoming policy issues and negotiations which might benefit significantly from intelligence assistance and any suggestions he might have to improve our interface with the intelligence community.

My Special Assistant, Bill Morell, is familiar with my views in this area and he is prepared to discuss the background and objectives of the meeting with you or with appropriate members of your staff whenever you find it convenient (Treasury extension 2535). Needless to say I would be happy to talk with you myself if you wish.

Sincerely,

/s/

William E. Simon  
Chairman  
Economic Policy Board

Mr. Frederick B. Dent  
Special Representative for  
Trade Negotiations  
1800 G Street, N. W.  
Washington, D. C. 20506

Enclosure

OS/ONS/WNMorell/evm/10-22-76

ATTENDEES AT EPB MEETING, NOVEMBER 9

George Bush with the following members of his staff:

STAT

[redacted] of the Intelligence Community Staff  
[redacted] Director, Office of Economic Research

STAT

[redacted] National Intelligence Officer for  
Economic Intelligence

{ Leo Cherne, PFIAB  
William Casey  
Charles Robinson, State

Fred Dent, STR

Bill Seidman, Executive Director, EPB

John Knebel, Agriculture

Alan Greenspan, CEA

Jim Lynn, OMB

Bill Usery, Labor

Commerce Dept. -  
Vetter or Darman

Bill Simon, Chairman, EPB

NOV 11 1979

EB